

DAVID IGE  
GOVERNOR



CATHERINE PAYNE  
CHAIRPERSON

STATE OF HAWAII  
**STATE PUBLIC CHARTER SCHOOL COMMISSION**  
**('AHA KULA HO'ĀMANA)**

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FOR: HB 831 HD1 Relating to Public Charter Schools  
DATE: Thursday, February 26, 2015  
TIME: 11:00 a.m.  
COMMITTEE(S): House Committee on Finance  
ROOM: Conference Room 308  
FROM: Tom Hutton, Executive Director  
State Public Charter School Commission

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Chair Luke, Vice Chair Nishimoto, and members of the Committee:

The State Public Charter School Commission ("Commission") appreciates the opportunity to submit this testimony in support of House Bill 831 HD1, "Relating to Public Charter Schools." The measure, which was developed by the Commission, would:

1. Provide that a public charter school that becomes financially insolvent shall be deemed to have surrendered its charter contract;
2. In the event of serious health and safety concerns at a charter school, require the school's authorizer to determine whether the concerns require school closure;
3. Under both of these closure scenarios, require the authorizer to adopt a closure protocol; and
4. Under both of these scenarios, require the authorizer to determine whether a transition period is necessary before closure for the school's students and staff.

The need for this revision to Hawaii's charter school statute has been revealed by the current situation with the pending revocation of Hālau Lōkahi Charter School. The lengthy revocation process established under Chapter 302D never contemplated a scenario in which the school already is insolvent and/or in which the school insists on continuing operations despite its insolvency.

Upon further consideration, we believe Section 2 of the bill, which addresses a health or safety emergency at a school, to be unnecessary. Under current law, the Commission already has the

authority to order a school to suspend operations for health or safety considerations, so that if for some reason contract revocation and closure were warranted, the normal process could be followed. We respectfully request that this section be deleted from the bill.

Thank you for the opportunity to provide this testimony.

Testimony HB831  
House Committee on Education  
February 26, 2015 Conference Room308 11am  
OPPOSE

Dear Chair Luke and committee,

I am in strong opposition to House Bill 831. Charter schools have been experiencing financial hardships for the past 6 years. Our per-pupil remains stagnated at \$6000 and still there is no support for the three basics of education: facilities, food programs, and transportation. We are good financial managers. We are not magicians. Funding public education students at different levels is unacceptable. During the “fiscal cliff” all governments faced in 2008, Hawaii charters lost one third of their per-pupil funding. In just two years, the charter school per pupil allocation went from \$8500 per pupil to \$5360 per pupil. ARRA funds or stimulus funds helped us survive. Many schools set aside those funds to carry them through the lean years. HAAS operated in the red for three years, but had the ARRA funds to cover our losses. The language in this bill could have caused the closure of HAAS and other fiscally responsible schools.

With this brief history of charter school financing, I want you to find ways to help our children, not find ways to compromise their choice in education. I have problems with the phrase “sole discretion”. Authority is given to a body of volunteers (Public Charter School Commission) who rely heavily on their Executive Director for information. What would be his/their definition of “financial insolvency”? Who would be involved in the review process, if any, to make that determination? It would be a gross mistake to remove due process from charter schools, one that could be challenged in a court of law.

Charter Schools are already complying with rigorous accountability and compliance requirements (Academic, Financial, and Governance) which are ample and timely. We report out several times a year on financial statements as well as complete a third party audit annually. These reports should be used pro-actively to help schools sustain their financial viability. I find it hard to believe that we need a STOP/PANIC button to immediately close a school. We instead need a help/support fiscal team that can guide the school back to financial solvency. Let’s promote positive action versus negative action.

Another point of contention in this law is in the phrase: “the school shall be deemed to have voluntarily surrendered its charter”. We’ve all been to PTSA meetings where volunteers are asked for. “Any volunteers to sit on the fund raising event coming up in two days?” might be a common question. The chair may then say “Seeing none, I deem Robert and Jane to be volunteers on that committee.” The Commission should not have the right to deem a school a volunteer to give up its charter.

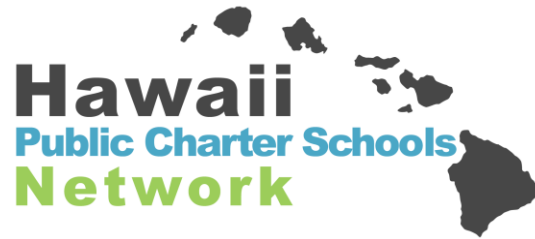
The intent of this particular part of the law (Section 302D-17) was specifically for the authorizer (read Commission) to take immediate and necessary action for serious health and safety issues. I see the validity in that. But again, I fail to see the justification to leave it to the “sole discretion” of anyone or body of people without a process or administrative rules to give the school a chance to respond or dispute the classification. The phrase “sole discretion” should be eliminated from the language of this or any legislation. Last time I checked, Hawaii is still a State of the United States of America and democracy should stand at the forefront.

Thank you for this opportunity to testify.

Steve Hirakami

Director, Hawaii Academy of Arts & Science PCS

**LATE**



State of Hawaii House of Representatives  
Committee on Finance

DATE: Thursday, February 26, 2015

TIME: 11:00 a.m.

PLACE: Conference Room 308, Hawaii State Capitol

Chair Luke, Vice Chair Nishimoto, and Members of the Committee,

Re: HB 831 HD 1 – Relating to Public Charter Schools

Mahalo for the opportunity to testify on HB 831 HD1, a bill that authorizes charter school closure if determined necessary by an authorizer in the event of financial insolvency or due to health and safety issues and requires authorizer to establish protocols for closure.

HPCSN understands the need to support students and staff in the case of a charter school closure and/or for a swift process of closure to protect the public interest in the case of financial insolvency of, or health and safety issues in a charter school. However, **HPCSN does have strong concerns with the broad language and lack of definition of “financial insolvency” and “health and safety issues.”**

There is a tremendous amount of trust that is needed for not just the existing commissioners and commission staff, but for all future commissioners and commission staff when language is this broad based. HPCSN offers our ability to work with member charter schools to help the legislature and the commission come up with language that would ensure that charter schools are treated in a fair manner now and in the future.

Hawaii Public Charter Schools Network (HPCSN) represents 30 of 34 public charter schools in Hawaii and is committed to quality education for all public school students through our support of, and work with, charter schools. Thank you for your attention to and consideration of this very important matter to charter schools. Your support of Hawaii’s public students is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynn Finnegan".

Lynn Finnegan  
Executive Director